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**Impact and Extent of a Mercantile Bankruptcy
in New Spain:
the *casa de conductas* of Pedro de Vértiz in 1802**

1. Introduction

In past writings I have described the terms under which New Spain's transportation was made, based on the analysis of the life and work of a known transport entrepreneur from the second half of the 17th century by the name of Pedro de Vértiz.

Documental material about Vértiz is abundant because of his substantial investments in several businesses, and tells us of a significant number of operations that he handled as well as his relationship with Viceroyal government officials to whom he provided a number of services allowing the establishment of contracts and diverse aids which are related in many documents of the archive. Due to his elite social status, we know more about his personal life through the realization of several notarial contracts including a will and a power of attorney.

Nevertheless, five months after his demise, Pedro de Vértiz's transport business suffered a severe bankruptcy that, at first, paralyzed New Spain's economic activities and triggered terror in the business world because, as was often the case, a large number of merchants and businessmen were affected and involved.

The main activity of the *casa de conductas* was the transportation of silver in coins to the ports of Veracruz and Acapulco for shipping to Spain and the Philippines, and the shipment of diverse merchandise and products, thus the first to be affected were merchants, miners or estate owners who managed significant quantities of money. There was also the "transportation of the King's silver", which Pedro de Vértiz had been doing for many years through the contracts he had signed with the Spanish Crown, but to whom he was careful to pay the last coin before announcing the bankruptcy of the business.

This article will focus exclusively on the *casa de conductas*' bankruptcy, the terms under which it happened, the measures taken by Mexico City's Merchant Consulate to deal with the bankruptcy, as well as the impact and extent it had on the mercantile guild and other affected groups.

2. Mercantile bankruptcies in Hispanic America

Mercantile bankruptcies were frequent in the Hispanic American world of the 16th, 17th and 18th centuries, though they have been scarcely studied by historiography. Even though Antonio-Miguel Bernal gives us a synopsis of the mercantile bankruptcies that occurred in the *carrera de Indias* during this period, his analysis is exclusively based on the archives which refer to bankruptcies in Seville and Cadiz (Bernal/García-Baquero González 1976; Bernal Rodríguez 1992). We also know of bankruptcies suffered by Catalan commerce because of the war with England at the end of the 18th century (Delgado Ribas 1982: 97-169). Some works analyze particular bankruptcies (Lobato Franco 2005: 203-222; Lorenzo Sanz 1977: 23-50). Few studies refer to mercantile bankruptcies happening in America during this period, and we know of none that have been made in this field for New Spain.

The analysis of a commercial bankruptcy is useful for the in-depth study of mercantile practice, as well as for understanding the multiple relationships that are established in the development of businesses and companies. Both economical and social associations are exposed allowing us to see both their intensity and extent.

The resolution of the conflicts that arose during the mercantile bankruptcies concerned only the merchant consulates located in several places of the Spanish Empire. In New Spain specifically, the responsibility for knowing about mercantile matters, among them bankruptcies, fell on the prior and consuls from the Mexico City Merchant Consulate.¹ In order to relieve them of heavy burdens and accelerate the resolution of conflicts, the legislation contemplated the naming of one, two or more members of the consulate, who were instructed in

1 *Recopilación de leyes de los Reinos de Indias*, título 46 de los consulados de Lima y México, Ley xxviiij. In: <<http://www.congreso.gob.pe/ntley/LeyIndiaP.htm>> (2010, Feb. 28).

the particular case, to whom the paperwork and accounts of the businesses were to be handed, and whose obligation was to give the prior and consuls their written opinion.²

It was under these terms that the bankruptcy of Pedro de Vértiz's *casa de conductas* occurred. One cannot help noticing the diligence of the consulate to respect this resolution over which he had exclusive jurisdiction. From the first meetings, which tried to establish an agreement between the parties, the members of the consulate wanted to prevent the participation of the judge Ciriaco [González] Carvajal who, commissioned by the Viceroy, intended to give a fair ruling on the conflict.

Before following the course of the bankruptcy, we will describe New Spain's context in 1802 as well as the particular setbacks that Vértiz had suffered in his business during previous years.

3. New Spain in 1802: risks and uncertainties

During the last years of the 18th century, particularly since 1796, the situation of Spain and its colonies had become very difficult. Spain declared war on England during that year which led to a naval blockade preventing transit between Spain and America. Eventually this led to the destruction of the Spanish imperial commercial system (Fisher 1992: 242). Imports and exports from American ports, among them Veracruz, fell drastically, forcing merchants in America to exert pressure to allow neutral commerce. Although authorized by the Spanish Crown, the royal order was soon retracted because of pressure from Spanish consulates and because, in fact, a lot of merchandise arrived in America, not only from North America but from England as well (Fisher 1992: 243). In order to grasp the difficulty of the situation it must be mentioned that in 1799 twenty-two ships left Spain, but only three made it to America. Finally in 1801, in order to solve the problem, the Crown granted special licenses to merchants from several nationalities to supply America from neutral ports (Fisher 1992: 244). In the last months of 1801, peace preparations began, and in March 1802, when the English along with the French and Spanish signed the

2 *Recopilación de leyes de los Reinos de Indias*, título 46 de los consulados de Lima y México, Ley xxxj. In: <<http://www.congreso.gob.pe/ntley/LeyIndiaP.htm>> (2010, Feb. 28).

Treaty of Amiens, commerce in the *carrera de Indias* began to recover very slowly, though with great alterations.

During August 1801, Viceroy Marquina from New Spain wrote to Spain's Hacienda: "[...] about the medium adopted by the royal capital of letters to take to this peninsula the royal valuables detained in America because of the war [...]"³

This situation surely affected the business of Pedro de Vértiz directly since, being responsible for the transportation of royal freight to the ports of Veracruz and Acapulco, and of a variety of merchandise including silver from private businesses, it saw a decrease in the shipment of coins and in the entrance of products such as mercury, paper, steel, etc. We can infer that with less cargo shipments, he had less income, which would have seriously affected the business. But we think that what accelerated the bankruptcy of the *casa de conductas* more than anything else was the continuation of commercial activities following the signing of the Amiens Treaty, and the appearance of the simultaneous requirements both of the Royal Hacienda as well as private bailees to send their money to the port of Veracruz for later remittance to Spain. Such was the demand for deliveries from the transport house to the port and posterior shipment to Spain that Oteiza, Vértiz's cousin who remained in charge of the business, was overloaded and there was no longer enough money deposited in his store to cover all the expenses.

In addition, in New Spain's internal context in 1802, the yellow fever "reigned with extraordinary violence" from April to October, causing the death of many in the port of Veracruz. As mentioned earlier, during that year mercury was also scarce, so work in the mines was slow. Furthermore, the bankruptcy of the *casa de conductas* not only obstructed commerce for some months, but also damaged clients' confidence.⁴

Other issues that must be described were pointed out by Pedro de Vértiz himself a few years before his death, in February 1802. In this case the phenomena mentioned by Vértiz were related to New Spain. We know that in 1762 the seat of the royal cargoes to the ports of Veracruz and Acapulco and a hundred leagues around was auctioned and

3 Letter, México, August 1801, AGI, Estado 29, n. 33.

4 Balanza del comercio de Veracruz correspondiente a 1802, AGI, Méx. 2996.

won by Pedro de Vértiz.⁵ The contract, which was meant to last five years, was renewed for lack of another contender, and because the Viceroy's pleaded with him to continue, thus, in 1802 he was still entrepreneur to the Crown.

On several occasions Vértiz expressed his reluctance to continue with the contract, because it meant huge economic losses. In 1781 he wrote to Viceroy Mayorga about the contingent situation that New Spain was experiencing due to the war between the United States and England and the Spanish intervention, in addition to the droughts and epidemics being suffered in the territory.⁶ Before that, both the Viceroy Marquis de Croix and the Viceroy Bucareli had requested him to remain in charge of shipping the royal cargo. Consequently, Vértiz did not retire believing it to be inappropriate for him to discontinue his duties to the King. In 1791 he again manifested his nonconformity that the conditions of his contract were not respected, given that he was not assigned the volume of better paid shipments that would compensate the losses incurred from the silver shipments, for which he was paid very little. The situation of Vértiz's business became unbearable, and in 1796 he wrote again, this time to Viceroy Marquis of Branciforte; in his statements he alluded to, among other causes, the great death toll of mules he had suffered: of the twenty something he started with, only eight remained at that time.⁷ The extreme droughts that New Spain had suffered meant less pasture and no water in the drinking troughs and along with that, the death of many pack mules on the roads because they were unable to withstand the traveling conditions. Also, because of the excessive demand for these beasts, their price had risen too much. This meant Vértiz did not make any profit by transporting the royal shipments of freight at the low fixed prices established in his contract. The cost of living had gone sky high and the upkeep of the muleteers, as well as the animals themselves, had been rising. Cargo animals were impounded constantly because of the wars Spain was involved in during that time, to be used as a means of transportation for the troops and their luggage, as well as for sending the necessary provisions for them and the crews of the ships that were

5 AGI, Méx. 1575, f. 1v.

6 AGI, Méx. 1575, f. 2.

7 AGI, Méx. 1575, ff. 3-4.

on war alert. Vértiz asked to be completely exempted from the transportation of royal shipments, mentioning that he had been a carrier of these for more than thirty years, shipping one hundred and ninety-four million pesos in coins, which resulted in a considerable saving for New Spain's Royal Hacienda.⁸ He also mentioned that, because of the mule driving system used in New Spain, it was necessary to re-equip the muleteers giving them money in advance so they could fulfill their contract completely; this implied severe monetary losses, as some of these muleteers died, did not pay or their businesses went bankrupt, so they owed significant amounts of money.⁹

Authorities were aware of this issue, and in the report prepared by the accountant Lasso, Treasurer-General of the Army and Royal Hacienda in New Spain, he pointed out:¹⁰

Neither justice nor equity suffer that a subject of such a relevant merit as Vértiz be a victim with all his family of an honorable service, nor the King nor Your Excellency can allow it when for so many reasons his house is worthy of awards; and in such a conflict we judge it should be premeditated the best way to avoid the risks he fears. There is a lot in giving an opinion which sounds costly to the treasury, he being in the ability for the royal shipments to be shipped at a low price; but after all, it is essential and at the end it shall be taken or after the ruin of the casa de Vértiz or before as it is fairer. This is why we believe that while the seat is proclaimed and auctioned, it is convenient that Pedro de Vértiz continues in the loyalty [...].

This description not only illustrates the abuse of New Spain's authorities in order to favor the interests of the metropolis (although there is clear awareness of the contingent situations that had been experienced in New Spain), but also shows that despite that fact and the grave threat of bankruptcy that hung over Pedro de Vértiz's business, the priority was to save the Crown's money at the expense of others and avoid any expenditure.

In other essays related to the *casa de conductas* of Pedro de Vértiz, we have mentioned the role played by his relative, Juan José de Oteiza y Vértiz, and the way he took care of the business at the end of Pedro de Vértiz's life (Suárez Argüello 2004; 2007). The reader must

8 AGI, Méx. 1575, f. 8.

9 AGI, Méx. 1575, f. 8v

10 AGI, Méx. 1575, ff. 20-20v.

then draw his own conclusions as to who and what were the causes that took the business to bankruptcy.

4. The bankruptcy terms and the consulate's intervention

Pedro de Vértiz died on February 22, 1802, and Oteiza declared the bankruptcy of the *casa de conductas* on July 14 of that same year. We must take into account that this business worked both for the Spanish Crown and for private clients. Nevertheless, the King's interests were protected, because Oteiza, before declaring bankruptcy, was shrewd enough to settle all business with the royal treasury. He even asked for a loan of twenty-five thousand pesos from Don Joaquín Aldana, so he could settle any pending matters. Oteiza considered that if the Crown was involved in the bankruptcy, the lawsuit would have gone to other tribunals and the private creditors would lose priority.¹¹

With Oteiza's declaration that the *casa de conductas* was in bankruptcy, the Consulate's Tribunal designated three trustees: the merchant lawyers Alva, Guardamino and Durana, who were charged with going to the business to recover all the paperwork and accounts, of which both Oteiza and the people who depended on him had denied the existence. Knowing that, the Consulate's Tribunal sent six notaries to take declarations from several employees, one of whom attested to the existence of books and paperwork.

On August 21st, the Tribunal summoned all the affected parties who denounced Oteiza and his dependents for the denial of the documents. Two executive ministers, two commerce representatives and two scribes went to the warehouse and collected twenty-six books and seized the correspondence.

The meeting, attended by more than eighty affected people, plus the Tribunal members, was heated, and only calmed down when the judges imposed their authority and asked Oteiza to leave. The trustee Alva mentioned that the books should be revised with the utmost care, so they could determine if the bankruptcy had been declared in good or bad faith, and requested an inventory of all of Vértiz's and Oteiza's assets. He suggested appointing a group of individuals that would examine the documents and draw up the inventories, assisted by two

11 AGN, Cons. 207, exp. 3, ff. 60v, 97v.

trustworthy notaries. Alva mentioned that the people who were affected were not only from Mexico City, but from all over the realm, some even from Europe, so it was indispensable for the Tribunal to be scrupulous, because this was a bankruptcy of the greatest consideration and would surely cause many lawsuits and much confusion. In the meantime, the affected people were asked not to submit claims until the situation was clear, and a public decree was circulated both in the realm and in Europe. It was also decided to inform the King so he could make the necessary provisions to prevent the lawsuits that would arise because of the bankruptcy. Alva was elected as receiver of the economic board, and all the people who were affected were summoned to a new meeting on August 23, 1802.¹² The meeting was postponed at the Viceroy's request until the 26th so he could attend personally. At that meeting all the affected parties received an official letter informing them that the Viceroy would be unable to attend and that the judge Don Ciriaco Carvajal would represent him.

At that, the most recent consul, Chavarri, informed the Viceroy that the Tribunal could not and should not be presided over by a minister from the Royal Audience, because its natural judge and president was the Consulate's Prior. But Judge Carvajal was present nevertheless, and all the members of the Tribunal left. Even so, the meeting went ahead because a good number of the creditors were present including Antonio de Bassoco, a renowned merchant, and the Superintendent of the Royal Mint.

Oteiza was asked a number of questions about the unpaid sum, the funds he had access to, the value of his estates and the interests with which they were taxed. Oteiza answered with a negative to all these questions. Nevertheless, when he was asked since when the *casa* had gone into decline, he answered:

The only thing that can be said is that when Vértiz died the *casa* had a lot of money; that when peace came, he started to give the creditors what they asked for, and that he found a void without sense, which made it impossible for him to keep order in the shipments under the terms he had before: and so he dealt with the first ones and the ones that followed, until it was impossible to cover the sums he had to remit.¹³

12 AGN, Cons. 287, exp. 4, n.d.

13 AGN, Cons. 287, exp. 4, n.d.

The participants at the meeting then requested him to submit the accounts in good order without delay, with the help of the trustee Pascual de Alva, so they could understand what they were talking about, but Oteiza excused himself saying he had no head for that, and that it would take him several months. The merchant Yturbe e Yraeta intervened pointing out that no excuse was valid and that if necessary, he must work day and night until the real state of the bankruptcy was known, at which the participants murmured approval for a good while.

The sons of Vértiz, brothers-in-law of Oteiza, also attended, and asked that the meeting bear in mind the inheritance due to them from their late mother, mentioning that the amount in question (the *hijuelas*¹⁴) was more than 300,000 pesos, and should not be affected by the proceedings.

In the end, it was agreed that the examination of the accounts should continue, and that the Consulate should protest the intervention of the Viceroy or his representative before the King in the knowledge of these matters, which did not come under their authority.¹⁵

A new meeting was summoned for August 31, at which the judge Ciriaco Carvajal was present again. The trustee Alva showed the attendees a statement he had obtained, based on the books and documents which had been given to him, mentioning that the default reached 900,000 pesos. Oteiza himself presented a statement of the situation, in which he said that the total owed by title deeds, deposits in trust and bills of shipment reached 2,248,950 pesos, that the total value of the properties and dependencies was of 1,890,035 pesos, so the default ascended to 358,314 pesos.¹⁶ This entire situation sparked a huge argument and several alternative solutions were proposed. Yturbe suggested the impounding of all of Oteiza's assets, which were to be handed over to several individuals so they could be managed or sold to recover part of the debt. Alva said that they should not count on Oteiza's assets because all of the properties were taxed on more than their value, and that the best alternative was to let the *casa de conductas* continue its main business activity, to see if the debt could be settled that way. Because the family of Vértiz and Oteiza had inter-

14 *Hijuelas* are the goods that belong to each of the recipients from a division of an inheritance.

15 AGN, Cons. 287, exp. 4, n.d.

16 Lucas Alamán Papers, CEHM-CARSO, CCLXXXVII, C Folder, file 140.

ests and friendships in Durango, a list of the people from there was presented, and they offered to pay the debt of the business as long as they were given enough mercury to be able to work and make the payment, since there was no mercury in New Spain due to the war.

Rafael de Vértiz, oldest son of Pedro de Vértiz and rector of the University, was also present and said that if the *casa de conductas* continued, he would convince his brothers to mortgage their properties and cover the debts of the business. In so doing, plus some other guarantors that Oteiza would find, the acquired debt could be secured, and the *casa de conductas* could continue to offer its services, thus it was expected that the bankruptcy could be repaid over time. Judge Carvajal for his part, proposed to extend the time frame and accept the offer from the people of Durango to act as guarantors, promising that both the Viceroy and Oteiza would find them enough mercury to extract silver from their mines. The Veracruz Consulate and the huge group of affected members, proposed that in agreement with the laws, the bills of lading issued by the *casa de conductas* should go back to their origin, so they could finally be paid. The meeting ended without any firm resolution, and amidst anger from the creditors they agreed to meet again the following week.¹⁷

On September 6 the fourth meeting took place, presided over again by Judge Carvajal. Oteiza once more presented a statement of what the businesses owned and the debts they had, and asked that he be given three years, in which time he would pay 60%, thereby protecting the interests of Vértiz's children. But, despite the claims made by them in the previous meeting about their mother's inheritance, it appears that they had already received larger amounts than what was due to them. The board of creditors then addressed the judge thanking him for his good service, but at the same time asking him to step down and allow the Consulate's Tribunal to act. Despite Carvajal's pleas to take matters calmly, he was not allowed to stay; he withdrew to inform the Viceroy, and the members of the Tribunal immediately assumed activities.

The trustee Alva spoke first retracting what was said in the previous meeting about the *casa de conductas* continuing business as usual, and pointing out that by what was observed up until then, Oteiza had

17 AGN, Cons. 287, exp. 4, n.d.

shown himself to be of reprehensible bad faith. He accused him of having recently received eight hundred thousand pesos, which he found entered in the bills of lading books, but that the money was not in Veracruz or elsewhere, and Oteiza would not mention its whereabouts. He was of the opinion that Oteiza should be imprisoned until he confessed where the money was, and agreed with the creditors on the impoundment of all his assets, commissioning several people as members of the economic board of the bankruptcy, to be responsible for the requisitions as well as taking care that all businesses and properties of Vértiz and Oteiza continued to work normally, and that any profits would be taken as settlement until the properties were sold and creditors could be paid with the proceeds. The money was to be handled by Don Antonio de Bassoco, at that time the consulate's treasurer.

The tribunal detained Oteiza for interrogation, which he refused without the presence of his lawyer, whereupon he was sent to the royal court prison. He was denied any kind of communication because of "the evident concealment, dilapidation and bad faith he showed".¹⁸

5. Acting of the economic board and handling of the bankruptcy

The members of the economic board of the bankruptcy were Pascual de Alva, who at first had been named trustee, Gabriel de Yturbe e Yraeta, Don Roque Valiente, Don Tomás Ramón de Ybarrola, Don Mateo de Palacio and Don Manuel Antonio de Basail, all merchants.

The first agreement was to confiscate all assets from the house of Vértiz, and for members of the board to go to the estates to report on what each produced, which should remain in operation and which should be sold.

They also decided to publish a notice for anyone who knew about other properties or monies to come forward, and offered 10% to anyone who would mention which persons had taken coins from the *casa de conductas* in the days before the bankruptcy. Finally, the debtors of Vértiz and Oteiza were warned to declare the monies they owed in two months at the most. Failure to comply would result in them pay-

18 Lucas Alamán Papers, CEHM-CARSO, CCLXXXVII, C Folder, file 140.

ing twice as much; the creditors were also expected to appear or name a representative within the same period.¹⁹

Posters and signs were distributed announcing the bankruptcy. It was even published in the Mexico Gazette, where the 10% reward for information on Oteiza's alleged hiding of the money was offered.

Some time afterwards, Don Antonio Del Cristo was named as representative to oversee the many interests in Veracruz along with the intervention of the newly-created consulate. Cristo, also a merchant, had been affected by the bankruptcy, and his nomination was rejected by the king and Don Francisco Maniau y Torquemada was elected instead.

In defense of Oteiza, Manuel Felipe de Fagoaga y Vértiz, his brother-in-law as well as representative, executor, etc., argued against the way the economic board had acted through the years, causing severe damage to his defendant. For example, at the Belén Mill, located in the Valley of Mexico, which belonged to Juan José de Oteiza, severe violations were suffered, even though it was held "in the highest regard" before it was seized. Fagoaga also mentioned the offenses that Oteiza had suffered, which were completely inadmissible because he was of noble birth and because he was not guilty.

He argued that the members of the economic board had hired a crowd of dependents and unexperienced administrators to handle the matter, with extremely high salaries who were to be paid from the bankruptcy estate itself; they had made hasty sales, auctions without the participation of the consuls, which was considered an illegal procedure. The most significant thing was that the economic board was comprised of two judges who were brothers-in-law of the main creditors, so no one could speak of their impartiality, because according to his representative cousin: "parentage binds them to blood sympathies".²⁰

Fagoaga appealed to the Consulate's Tribunal on several occasions, mentioning Oteiza's innocence and complaining about the severe humiliations his cousin had suffered and that the members of the economic board wanted "to expand and perpetuate their cause forever and ever". The members of the board had a thousand excuses not to

19 Lucas Alamán Papers, CEHM-CARSO, CCLXXXVII, C Folder, file 140.

20 AGN, Cons. 207, exp. 3, f. 88v.

free Oteiza, despite the appeal for his release and the stroke he suffered while in prison. Fagoaga also went to the Alzadas court, and its members where the judge Don Manuel de la Bodega and his assistants Don Vicente Francisco Vidal and Don Gabriel de Yermo ordered and sent the respective bail to liberate Don Juan José de Oteiza. The members of the economic board on behalf of the claimants, objected to this order,²¹ because they considered that until the lawsuits commitments and arrangements were settled with the creditors, that is, until there was no matter outstanding, Oteiza must not be freed.²²

At the beginning of 1804, the members of the economic board agreed that a proclamation be released for the auction of some properties such as the store and a *tendajón*²³ in the city of Durango with their respective attached dependencies, as well as several estates that Vértiz had in that jurisdiction.²⁴ During the last months of 1805, Francisco Chavarri and Sebastián de Heras Soto, ex consuls of the Consulate, and judges of the bankruptcy, announced in the *Diario de México*²⁵ that creditors who had not collected the fourth part corresponding to the debt that they should do so, in order for members of the economic board to pay them as the rest of the properties were auctioned. They thought that in this way they would avoid the bankruptcies which menaced several of the creditors, as well as paying the corresponding interests.²⁶

In the midst of all this, and due to his stroke, Oteiza died, and the consolidation of the Royal Vouchers began in New Spain, where the assets of Vértiz and Oteiza were affected. The economic board was, therefore, forbidden to dispose of the valuables of the proceedings until they received approval from a higher authority. In addition, the members of the board thought it pernicious to agree to the arrangement which allowed the consolidation (that is, payment in installments), and preferred to pay everything in one payment to avoid greater problems for the debtors and the accounting becoming more complicated. In May 1807, the members of the economic board

21 AGN, Cons. 207, exp. 3, ff. 98-109.

22 AGN, Cons. 207, exp. 3, 140 ff.

23 *Tendajón* is a small store with a small capital and therefore few goods.

24 *Gaceta de México*, February 18 1804, 12, 5, p. 44.

25 *Diario de México*, November 23 1805, 1, 54, p. 228.

26 AGN, Cons. 287, exp. 26, 72 ff.

handed over 94,946 pesos 6 reales in cash to the consolidation branch for assets in the jurisdiction of Mexico City and which included thirty-nine receipts for chaplaincies, bail money, etc. given by Vértiz and Oteiza; and 25,686 pesos corresponding to the Durango properties. They asked the Viceroy to lift the ban on the disposal of the valuables.²⁷

In the same year of 1807, at the King's request, the proceedings were also charged with the part corresponding to the difference in shipping when the contract was not finished because of the bankruptcy, returning 810 pesos 4 reales in cash to the Royal Estate.²⁸

At the beginning of 1811, after the independence movement began, and at the request of the consulate, the members of the economic board submitted a statement of the bankruptcy proceedings of Don Pedro de Vértiz and Don Juan José de Oteiza, resulting in a voluminous and confusing file.

If to today's reader the document "Statement of the bankruptcy proceedings of Don Pedro de Vértiz and Don Juan José de Oteiza, composed of the pieces numbered 1 to 26 formed by the economic board"²⁹ is difficult to understand and very obscure, a contemporary of the time, the Marquis of Santa Cruz de Inguanzo, when asked to give his opinion on the situation of the bankruptcy proceedings of Vértiz and Oteiza, stated that:³⁰

certainly such commission or charge would be quickly vacated by simply ratifying or proving that entries that he considered composed the charge and the data, and more so by examining one document or another; but I cannot express to Your Lordship my amazement on noticing that the more I learned from the accounts book, and the plan presented with the cited books, you can say that almost in every entry that comprises it, I found an incumbrance; and in an attempt to avoid them I requested several books and notebooks from the office of this royal tribunal and some others from the actual trustee, Don Manuel Basail, but could make no progress, except the disappointment that it is impossible or extremely difficult to form a judgment over such accounting [...].

27 AGN, Tierras. 3617, exp. 1, ff. 40-58.

28 AGN, RCO 198, exp. 159, ff. 233-236.

29 AGN, Tierras. 3617, exp. 1, ff. 16-80. See my previous article (Suárez Argüello 2007) for what Stanley Stein says about it. I have been unable to understand the terms in which this accounting was done, but I have to recognize that despite that, these documents have contributed valuable elements to the study.

30 AGN, Tierras. 3617, exp. 1, fs. 92 y ss.

Not only that, at the end of 1812, when the Marquis of Santa Cruz de Inguanzo gave his report to the consulate's tribunal, he pointed out that although the economic board had been comprised of seven individuals, at that time only four remained because the lawyer, Don Pascual de Alva, had ceased to continue on the board, and his later death, along with that of Don Matías Gutiérrez de Lanzas, and in July 1811, the death of Colonel Gabriel de Yturbe e Yraeta, prevented the board from operating because it did not reach a quorum. Even so, the Marquis of Santa Cruz de Inguanzo felt it appropriate for a model to be used for the preparation of the bankruptcy statement, and that it was necessary to ask Basail, who as secretary had delivered the accounts, to redo them on that basis, giving him a month at the most to complete the task.³¹ He also criticized the burdensome expenses incurred by the economic board on hiring a numerous staff composed of a commissioner, secretary, lawyer, dependents, bailee and business agent, as well as a place to work, the sum of which ascended to 14,000 pesos a year, and he recommended trying to recuperate the premises which could be recovered in order to make another payment to the "unhappy creditors". Of course, even though Basail had the help of a new commissioner paid by the proceedings to do the unfinished accounting, and which was said to be more than 600,000 pesos, it seems it was never actually delivered.³²

Even in 1814 the consulate afforded himself the luxury of borrowing almost 6,000 pesos from the proceedings towards the country's peace efforts promising to repay the amount shortly. In 1815 the creditors were summoned once again to be informed of the business and debt collection situations. The meeting was attended by 46 affected people.³³

In truth, the conflict dragged on for many years, even when the consulate, as a merchants' institution, had been suppressed.

More news was reported in 1829, when before a public notary, the commercial company of Agüero and González was in possession of a title deed for \$130,000 from an assignment in 1813 by the graduate commissioners José Monter and Antonio Batres, who at that time

31 AGN, Tierras. 3617, exp. 1, ff. 109-110.

32 AGN, Tierras. 3617, exp. 1, ff. 92-93 y ss.

33 AGN, Tierras. 3617, exp. 1, ff. 109-114.

were accounting minister and treasurer of the army and internal revenue and named members of the minor board and trustees of the Vértiz y Oteiza proceedings. The transfer of said deed meant that the amount mentioned and the overdue and future income were to be paid to these gentlemen. Thus, Agüero González and Co. in 1829 decided to pay \$82,150 pesos to Mr. Eduardo F. Wilson, keeping the sum of \$47,850 pesos for themselves.³⁴

Certainly the people who were involved in the bankruptcy of the *casa de conductas* recovered the bare minimum of what they had originally deposited.

6. The network of Pedro de Vértiz and Juan José de Oteiza; its graphic representation

In order to draw the network of Pedro de Vértiz I have filled in a chart with all the information arising from the bankruptcy, which allows us to observe a dense net of several hundred individuals who were affected by it. Of course, many more people were involved, although their connection was not direct, but through an intermediary.

An analysis of the chart allows us to observe the diverse links established by these two individuals of Navarre origin, who lived in New Spain during the second half of the 18th century, and who were outstanding both socially and economically, having a vast capital consisting of diverse properties, liquid assets, and businesses in the transport and flour industries, all of which ensured an effective economic income, and countless associations.

A first analysis shows us that to accomplish this spectacular economic and social rise, family and societal ties were fundamental. Without them, reaching this status would have been far more difficult and probably less remarkable. The immigrants found themselves an economic and social niche on arrival in their new country which immediately put them on track to attaining their goals.

From the same or neighboring towns, they arrived in New Spain to live with an uncle or a cousin who had already settled with his family, thus avoiding much of the cultural upheaval of immigration. Eventually they would marry a cousin or niece, thereby completely integrat-

34 AGNCM, FA, notario n. 715, Ramón Villalobos, 4823, ff. 66-68v.

ing into the family. They became the right hand of their father-in-law, and although they began working at the lowest level, they soon got to know the business. Over time, they took over one business after another and began some of their own enterprises, increasing the family fortune. As time went by, the sons-in-law took charge of all the businesses, inheriting and managing them in the name of their wives. They formed families of their own, planning the entire lives of their children by placing them strategically in diverse social positions such as the clergy, or arranging suitable marriages in order to continue the line established in the 16th century, much of which continues today. Thus, Pedro de Vértiz arrived at his uncle's house, who was also in the shipping business, among others, and a property owner, and married his oldest daughter. The pattern repeated itself with Juan José de Oteiza y Vértiz, first cousin to Pedro de Vértiz, who also married his uncle's oldest daughter; they lived in the same family house and were the indispensable support of Pedro de Vértiz throughout his lifetime.

Societal ties were fundamental in setting up a business because they ensured honesty and trust. Oteiza, therefore, began work in the shop established by Pedro de Vértiz in Durango, as did several of their countrymen.

The nuclear families of Vértiz and Oteiza played a fundamental role, and both were profoundly affected by the bankruptcy. The late Vértiz had had ten children, only eight of whom survived, one being rector of the university. Oteiza, married to Vértiz's eldest daughter, had three children, who were still young when he died. The problem began with the inheritance which belonged to Vértiz's children from their mother's side, and from which they were largely dispossessed, because several of them had already been given a greater proportion. On the other hand, furniture and jewels from their father's house were auctioned, in an excessive attempt by the economic board to liquidate all assets and belongings.

There is no doubt that both Vértiz and Oteiza generated documentation for the diverse merchant operations they carried out; nevertheless, the bankruptcy produced an immense quantity of files which have served as a window through which we can observe the extensive and multiple relationships both of them had throughout their productive lifetime. These papers even allow us to classify the kind of relationships they had and which were more intense.

In conclusion, we can illustrate the kind of relationship established through this analysis. One was somewhat impersonal, although there is no doubt that trust must have prevailed, since these were individuals who deposited money for transporting to Veracruz or Acapulco and later shipping to Spain or the Philippines, with no more than a piece of paper called a “bill of lading”. Nevertheless, their number reached almost 400 in the months before the bankruptcy: as Fagoaga, Oteiza’s brother-in-law defender, pointed out, the *casa de conductas* transferred around twenty million pesos a year.³⁵ These clients came not only from Mexico City, but also from the rest of New Spain, such as Nueva Galicia and Nueva Vizcaya. They were mainly merchants or miners who sent deposits to Spain, both to family or to refurbish tools or raw materials.

Another kind of relationship arose from the money deposits made in the house of Vértiz. We may not know how much money was deposited, for which an interest was surely paid, nor how many people were involved, but they must have had absolute trust in the business to leave the fruits of all their efforts and their future security in its hands.

In both kinds of relationships trust came more from the interested party, while in other kinds of relationships which also appear in our chart, such as those of dependents or subordinate employees, trust must have existed both ways, because the fact that properties and interests were taken care of must have been fundamental. In these cases, another kind of association could appear, such as affection, as in the case of countrymen or family, which implied a mutually intense relationship. Such is the case of the Durango group, which owed Oteiza a significant amount. The group offered to pay immediately to get him out of trouble, but they defaulted nevertheless, even though the Viceroy had obtained the mercury for them to be able to continue with their mining operations. In the case of business owners such as Mayora, a baker, or Urroz, a farmer in charge of one of the Temascaltepec estates, both took advantage of the circumstances, declaring against Oteiza and trying to keep the business or part of it. Thus we can observe that the social network is a process integrated by different kinds of relationships and not only undergoes constant change, but also illustrates only certain moments of reality.

35 AGN, Cons. 297, exp. 3, f. 87v.

Finally, it can be said that an event like bankruptcy has a significant social impact, which causes the network to be modified, new interests to appear and new social groups to be created.

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